

SENATE BILL

No. 12

Introduced by Senator McGuire

August 17, 2015

An act to add Section 4474.12 to the Welfare and Institutions Code, relating to developmental services.

LEGISLATIVE COUNSEL'S DIGEST

SB 12, as introduced, McGuire. Developmental centers: downsizing and closures: funds.

Existing law vests in the State Department of Developmental Services jurisdiction over state hospitals, referred to as developmental centers, for the provision of residential care to individuals with developmental disabilities. Existing law requires the department, when closing a developmental center, to comply with procedural requirements that include the submission of a detailed plan to the Legislature. Existing law requires the department to submit to the Legislature, on or before October 1, 2015, a plan or plans to close one or more developmental centers, as specified, and declares the intent of the Legislature that General Fund savings derived from the closure of developmental centers benefit persons with developmental disabilities living in the community.

Under existing law, the Lanterman Developmental Disabilities Services Act, the department is responsible for providing various services and supports to persons with developmental disabilities, and for ensuring the appropriateness and quality of those services and supports. Existing law authorizes the department to contract with regional centers to provide these services and supports.

This bill would, commencing January 1, 2017, require the Department of Finance to include in the Governor's Budget and the May Revision

a report on the estimated net savings derived from the downsizing or closure of developmental centers in the previous fiscal year, including the net savings calculated by computing the difference between the total General Fund savings or gains reasonably associated with the downsizing or closure of a developmental center and the aggregate General Fund costs of care of all consumers who move from a developmental center and into the community, as specified. The bill would require the net General Fund savings to be deposited into the Community Housing and Services Trust Fund, which the bill would create, and would require the moneys in the fund to be used, upon appropriation by the Legislature, for purposes of providing housing assistance, housing development, and specialty services for persons with developmental disabilities who are living in the community and receiving regional center services, as specified. The bill would make related findings and declarations.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Individuals with developmental disabilities live full and rich
- 4 lives in their communities, and participate in work, integrated
- 5 living and employment, and other activities in their communities.
- 6 (b) California has decreased the population of individuals living
- 7 in institutions for individuals with developmental disabilities,
- 8 known as developmental centers, from a peak of 13,000 individuals
- 9 and eight developmental centers in the 1960s to fewer than 1,100
- 10 individuals and three developmental centers in 2015.
- 11 (c) Since 2004, the state has closed the Agnews Developmental
- 12 Center and the Lanterman Developmental Center and has
- 13 transitioned 386 residents and 401 residents, respectively, to new
- 14 homes in their communities.
- 15 (d) The Legislative Analyst's Office estimated that the cost of
- 16 providing services and supports to individuals living in a
- 17 developmental center in 2015 is more than \$500,000 per person,
- 18 while the cost of providing residential services to individuals in
- 19 community-based settings ranges from \$75,000 to \$300,000,

1 exclusive of the costs of services such as day treatment, work
2 support, or health benefits.

3 (e) The State Department of Developmental Services estimates
4 that the cost savings for individuals who have moved from the
5 Lanterman Developmental Center into the community between
6 January 2011 and January 2015 to be \$46 million in General Fund
7 operating costs, exclusive of any funding used to pay for services
8 for these same consumers in community placements.

9 (f) Money saved from the transition of individuals does not stay
10 within the developmental disabilities system, but instead is returned
11 to the General Fund.

12 (g) There is a great need for additional resources within the
13 community as documented in numerous reports and legislative
14 hearings.

15 SEC. 2. Section 4474.12 is added to the Welfare and
16 Institutions Code, to read:

17 4474.12. (a) Commencing January 1, 2017, the Department
18 of Finance shall include in the Governor's Budget and the May
19 Revision a report on the estimated net savings derived from the
20 downsizing or closure of developmental centers in the previous
21 fiscal year. The initial report shall compare the differences in the
22 General Fund expenditure at each developmental center on July
23 1, 2015, against the General Fund expenditure at each
24 developmental center on July 1, 2016. The report shall include all
25 of the following information:

26 (1) The total General Fund savings or gains reasonably
27 associated with the downsizing or closure of a developmental
28 center, including, but not limited to all of the following:

29 (A) Proceeds from the lease of developmental center lands,
30 including contractual agreements for utilization of the facility or
31 its resources.

32 (B) Reductions in the General Fund expenditures for services
33 provided to individuals at the developmental centers.

34 (C) Reductions in the General Fund expenditures for
35 developmental center operations and maintenance costs.

36 (2) The aggregate General Fund costs of care of all consumers
37 who moved from a developmental center and into the community
38 during the previous fiscal year. Cost of care shall include, but not
39 be limited to, the General Fund costs for services and supports,

1 including all regional center funded services and supports,
2 Medi-Cal, and other state-funded services.

3 (3) The net savings calculated by computing the difference
4 between the totals in paragraphs (1) and (2).

5 (4) A description of all General Fund community investments
6 reasonably associated with the downsizing or closure of a
7 developmental center, including, but not limited to, costs associated
8 with the development and provision of services and supports for
9 persons moving from a developmental center or at risk of
10 institutionalization.

11 (b) The net General Fund savings derived from the downsizing
12 or closure of developmental centers, including any proceeds from
13 the lease of developmental center lands, that is identified in
14 paragraph (3) of subdivision (a) shall be deposited into the
15 Community Housing and Services Trust Fund, which is hereby
16 created in the State Treasury. The moneys in the fund shall be
17 used, upon appropriation by the Legislature, for purposes of
18 providing housing assistance, housing development, and specialty
19 services for persons with developmental disabilities who are living
20 in the community and receiving regional center services, subject
21 to all of the following conditions:

22 (1) (A) Seventy-five percent of the moneys in the fund shall
23 be used for housing assistance and housing development. These
24 moneys shall be utilized to expand housing options for regional
25 center consumers. These funds shall not be used to supplant
26 existing federal, state, or county funds utilized to provide regional
27 center housing or other services and supports.

28 (B) Twenty-five percent of the moneys in the fund shall be used
29 for specialty services. These moneys shall be utilized to establish
30 specialty services similar to those currently available to
31 developmental center residents and that are accessible to regional
32 center consumers, with first priority in locations at or near existing
33 developmental center properties.

34 (2) The department shall annually propose, through the annual
35 state budget process, how these funds shall be used.

36 (3) Moneys in the fund shall not be used to pay for any other
37 program. These funds shall not be loaned to the General Fund or
38 any other fund of the state, or to a county general fund or any other

1 county fund for any purpose other than those authorized by this
2 section.

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